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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

|   |                          |
|---|--------------------------|
| -----X                                      |                          |
| In re                                       | : Chapter 11 Case No.    |
|   | :                        |
| MOTORS LIQUIDATION COMPANY, <i>et al.</i> , | : 09-50026 (REG)         |
| f/k/a General Motors Corp., <i>et al.</i>   | :                        |
|   | : (Jointly Administered) |
| Debtors.                                    | :                        |
| -----X                                      |                          |

**MOTORS LIQUIDATION COMPANY GUC TRUST  
QUARTERLY GUC TRUST REPORTS AS OF DECEMBER 31, 2014**

The Motors Liquidation Company GUC Trust (the “**GUC Trust**”), by its undersigned counsel, pursuant to the Amended and Restated Motors Liquidation Company GUC Trust Agreement dated June 11, 2012 and between the parties thereto (as amended, the “**GUC Trust Agreement**”) and in accordance with Paragraph 31 of the order of this Court dated March 29, 2011 confirming the Debtors’ Second Amended Joint Chapter 11 Plan of liquidation dated March 18, 2011 of Motors Liquidation Company and its affiliated post-effective date debtors (the “**Confirmation Order**”), hereby files the following for the most recently ended fiscal quarter of the GUC Trust.

Financial statements required under Section 6.2(b) of the GUC Trust Agreement for the fiscal quarter ended December 31, 2014 are annexed hereto as Exhibit A (the “**GUC Trust Reports**”).

The GUC Trust has no officers, directors or employees. The GUC Trust and Wilmington Trust Company, solely in its capacity as trustee and trust administrator (the “**GUC Trust Administrator**”), rely solely on receiving accurate information, reports and other representations from GUC Trust professionals and other service providers to the GUC Trust. In submitting the GUC Trust Reports and executing any related documentation on behalf of the GUC Trust, the GUC Trust Administrator has relied upon the accuracy of such reports, information and representations.

Dated: New York, New York  
February 12, 2015

GIBSON, DUNN & CRUTCHER LLP

By: /s/ Matthew J. Williams

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## **EXHIBIT A**

**Motors Liquidation Company GUC Trust**

**Condensed Financial Statements**

**Quarter Ended December 31, 2014**

Motors Liquidation Company GUC Trust

Condensed Financial Statements

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Motors Liquidation Company GUC Trust  
CONDENSED STATEMENTS OF NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)  
(Dollars in thousands)

|  | December 31,<br>2014<br><u>Unaudited</u> | March 31,<br>2014<br><u>          </u> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| Cash and Cash Equivalents                            | \$ 25,508                                | \$ 14,932                              |
| Marketable Securities                                | 32,088                                   | 44,382                                 |
| Accrued Dividends on Holdings of New GM Common Stock | 3,465                                    | —                                      |
| Holdings of New GM Securities (Note 5)               | 843,834                                  | 1,114,078                              |
| Other Assets and Deposits                            | <u>514</u>                               | <u>1,502</u>                           |
| <b>TOTAL ASSETS</b>                                  | 905,409                                  | 1,174,894                              |
| <b>LIABILITIES</b>                                   |  |  |
| Accounts Payable and Other Liabilities               | 4,401                                    | 3,105                                  |
| Liquidating Distributions Payable (Note 4)           | 6,033                                    | 42,111                                 |
| Reserves for Residual Wind-Down Claims (Note 7)      | 26,431                                   | 28,698                                 |
| Reserves for Expected Costs of Liquidation (Note 7)  | <u>32,632</u>                            | <u>36,486</u>                          |
| <b>TOTAL LIABILITIES</b>                             | 69,497                                   | 110,400                                |
| <b>NET ASSETS IN LIQUIDATION</b> (Note 3)            | <u>\$ 835,912</u>                        | <u>\$1,064,494</u>                     |

See Accompanying Notes to Condensed Financial Statements.

Motors Liquidation Company GUC Trust  
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS) (UNAUDITED)  
(Dollars in thousands)

|  | <u>Three Months Ended December 31,</u> |                     | <u>Nine Months Ended December 31,</u> |                     |
|--|--|---------------------|---------------------------------------|---------------------|
|  | <u>2014</u>                            | <u>2013</u>         | <u>2014</u>                           | <u>2013</u>         |
| <b>Net Assets in Liquidation, beginning of period</b>                                | \$ 750,038                             | \$ 2,077,458        | \$ 1,064,494                          | \$ 1,390,181        |
| <b>Increase (decrease) in net assets in liquidation:</b>                             |  |                     |                                       |                     |
| Net (additions to) reductions in reserves for Expected Costs of Liquidation (Note 7) | (3,200)                                | (646)               | (7,335)                               | 7,563               |
| Liquidating distributions (Note 4)   | 2,090                                  | (1,067,130)         | (208,110)                             | (1,167,938)         |
| Net change in fair value of holdings of New GM Securities                            | 83,540                                 | 353,679             | (29,371)                              | 968,670             |
| Dividends and interest income  | 3,444                                  | 16                  | 16,234                                | 56                  |
| Income tax (provision) benefit (Note 8)  | —                                      | (32,183)            | —                                     | 132,662             |
| <b>Net increase (decrease) in net assets in liquidation</b>                          | <u>85,874</u>                          | <u>(746,264)</u>    | <u>(228,582)</u>                      | <u>(58,987)</u>     |
| <b>Net Assets in Liquidation, end of period</b>                                      | <u>\$ 835,912</u>                      | <u>\$ 1,331,194</u> | <u>\$ 835,912</u>                     | <u>\$ 1,331,194</u> |

See Accompanying Notes to Condensed Financial Statements.

Motors Liquidation Company GUC Trust  
CONDENSED STATEMENTS OF CASH FLOWS (LIQUIDATION BASIS) (UNAUDITED)  
(Dollars in thousands)

|  | Nine Months Ended<br>December 31, |                 |
|--|-----------------------------------|-----------------|
|  | 2014                              | 2013            |
| <b>Cash flows from (used in) operating activities</b>                            |                                   |                 |
| Cash receipts from dividends and interest  | \$ 12,678                         | \$ 50           |
| Cash paid for professional fees, governance costs and other administrative costs | (9,449)                           | (16,194)        |
| Cash paid for Residual Wind-Down Claims  | (2,011)                           | (1,451)         |
| Cash receipts for refund due others  | 379                               | —               |
| Cash paid for distributions  | (3,528)                           | (581)           |
| Net cash flows used in operating activities                                      | (1,931)                           | (18,176)        |
| <b>Cash flows from (used in) investing activities</b>                            |                                   |                 |
| Cash used to purchase marketable securities                                      | (66,302)                          | (97,020)        |
| Cash from maturities and sales of marketable securities                          | 78,597                            | 124,081         |
| Net cash flows from investing activities   | 12,295                            | 27,061          |
| <b>Cash flows from financing activities</b>                                      |                                   |                 |
| Cash from sale of New GM Securities for distribution                             | 212                               | 28              |
| Net cash flows from financing activities   | 212                               | 28              |
| <b>Net increase in cash and cash equivalents</b>                                 | 10,576                            | 8,913           |
| Cash and cash equivalents, beginning of period                                   | 14,932                            | 1,010           |
| <b>Cash and cash equivalents, end of period</b>                                  | <u>\$ 25,508</u>                  | <u>\$ 9,923</u> |

The GUC Trust has not presented a reconciliation from net income to cash flow from operations. As an entity in liquidation, the GUC Trust does not have continuing operations that result in the measurement of net income as that term is used by generally accepted accounting principles to measure results of operations.

See Accompanying Notes to Condensed Financial Statements.



Motors Liquidation Company GUC Trust  
Notes to Condensed Financial Statements  
December 31, 2014

**1. Description of Trust and Reporting Policies**

The Motors Liquidation Company GUC Trust ("GUC Trust") is a successor to Motors Liquidation Company (formerly known as General Motors Corp.) ("MLC") for the purposes of Section 1145 of the United States Bankruptcy Code ("Bankruptcy Code"). The GUC Trust holds, administers and directs the distribution of certain assets pursuant to the terms and conditions of the Amended and Restated Motors Liquidation Company GUC Trust Agreement (the "GUC Trust Agreement"), dated as of June 11, 2012 and as amended from time to time, and pursuant to the Second Amended Joint Chapter 11 Plan (the "Plan"), dated March 18, 2011, of MLC and its debtor affiliates (collectively, along with MLC, the "Debtors"), for the benefit of holders of allowed general unsecured claims against the Debtors ("Allowed General Unsecured Claims").

The GUC Trust was formed on March 30, 2011, as a statutory trust under the Delaware Statutory Trust Act, for the purposes of implementing the Plan and distributing the GUC Trust's distributable assets. Wilmington Trust Company serves as trustee and trust administrator of the GUC Trust (in such capacity, and not in its individual capacity, the "GUC Trust Administrator"), and FTI Consulting, Inc. serves as trust monitor of the GUC Trust (in such capacity, and not in its individual capacity, the "GUC Trust Monitor"). The Plan generally provides for the distribution of certain shares of common stock ("New GM Common Stock") of the new General Motors Company, formerly known as NGMCO, Inc. ("New GM") and any associated Dividend Cash (as defined below), and certain warrants for the purchase of shares of such stock (the "New GM Warrants," and, together with the New GM Common Stock, the "New GM Securities") to holders of Allowed General Unsecured Claims pro rata by the amount of such claims. In addition, the Plan provides that each holder of an Allowed General Unsecured Claim will obtain, in the form of GUC Trust Units (as defined below), a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock (and associated Dividend Cash) and New GM Warrants (if and to the extent such New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims (as defined in Note 2), Term Loan Avoidance Action Claims (as defined in Note 2) or liquidation for the payment of the expenses and liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust.

The GUC Trust exists solely for the purpose of resolving claims, distributing New GM Securities (and associated Dividend Cash) and winding down the affairs of MLC, all in accordance with a plan of liquidation of MLC approved by the Bankruptcy Court. Accordingly, the GUC Trust has prepared the accompanying financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during the liquidation period, while liabilities continue to be recognized at the amount required by other U.S. GAAP, and are not remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during the liquidation period. Such costs are accrued when there is a reasonable basis for estimation. As described below, beginning in the quarter ended June 30, 2014, an accrual is made for estimated income or cash expected to be received over the liquidation period to the extent that a reasonable basis for estimation exists. These estimates are periodically reviewed and adjusted as appropriate. The valuation of assets at net realizable value, the accrual for dividends on the GUC Trust's holdings of New GM Common Stock expected to be received over the liquidation period, reserves for residual wind-down claims and reserves for expected liquidation costs represent estimates, are based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described above, the beneficiaries of the GUC Trust are future holders and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). As Disputed General Unsecured Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities (and the related Dividend Cash) and GUC Trust Units pro rata by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities and cash. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities and the related Dividend Cash) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities and the related Dividend Cash (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims or potential Term Loan Avoidance Action Claims. Rather, the beneficial interests of Trust Beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the accompanying financial statements.

The accompanying (a) condensed statement of net assets in liquidation at March 31, 2014, which has been derived from audited financial statements, and (b) the unaudited interim condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes required by U.S. GAAP for complete financial statements. The GUC Trust believes all adjustments, normal and recurring in nature, considered necessary for a fair presentation have been included. The changes in net assets in liquidation for the nine months ended December 31, 2014 are not necessarily indicative of the changes in net assets that may be expected for the full year. The GUC Trust believes that, although the disclosures contained herein are adequate to prevent the information presented from being misleading, the accompanying interim condensed financial statements should be read in conjunction with the GUC Trust's financial statements for the year ended March 31, 2014 included in Form 10-K filed by the GUC Trust with the Securities and Exchange Commission on May 22, 2014.

The preparation of condensed financial statements in conformity with U.S. GAAP requires the GUC Trust Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and are subject to change.

Changes to U.S. GAAP are made by the FASB in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification. The GUC Trust considers the applicability and impact of all ASU's. ASU's not noted herein were assessed and determined to be not applicable. During the quarter ended June 30, 2014, the GUC Trust adopted Accounting Standards Update No. 2013-07, "Liquidation Basis of Accounting". Such standard requires that income or cash expected to be received over the liquidation period be estimated and accrued to the extent that a reasonable basis for estimation exists. The effect of adoption of such standard was not material to the GUC Trust's financial statements. As of December 31, 2014, the GUC Trust has accrued approximately \$3.6 million for (a) dividends of approximately \$3.5 million expected to be received by the GUC Trust on its holdings of New GM Common Stock and (b) approximately \$94,000 expected to be earned on marketable securities over the estimated remaining liquidation period of the GUC Trust. Such accrued dividends consist of dividends of \$0.30 per share declared by New GM in January 2015 payable to common stockholders of record as of March 11, 2015. No accrual has been made with respect to any additional dividends that may be declared by New GM in the future, because the GUC Trust believes that a reasonable basis for estimation of such potential dividends does not exist at this time.

## **2. Plan of Liquidation**

On March 31, 2011, the date the Plan became effective (the "Effective Date"), there were approximately \$29,771 million in Allowed General Unsecured Claims. In addition, as of the Effective Date, there were approximately \$8,154 million in disputed general unsecured claims ("Disputed General Unsecured Claims"), which reflects liquidated disputed claims and a Bankruptcy Court ordered distribution reserve for unliquidated disputed claims, but does not reflect potential Term Loan Avoidance Action Claims. The total aggregate amount of general unsecured claims, both allowed and disputed, asserted against the Debtors, inclusive of the potential Term Loan Avoidance Action Claims, was approximately \$39,425 million as of the Effective Date.

Pursuant to the GUC Trust Agreement, holders of Disputed General Unsecured Claims become entitled to receive a distribution of New GM Securities from the GUC Trust if, and to the extent that, such Disputed General Unsecured Claims become Allowed General Unsecured Claims. Under the GUC Trust Agreement, the GUC Trust Administrator has the authority to file objections to such Disputed General Unsecured Claims and such claims may be prosecuted through alternative dispute resolution proceedings, including mediation and arbitration ("ADR Proceedings"), if appropriate. As of December 31, 2014, there were approximately \$39.5 million in Disputed General Unsecured Claims (including \$10 million in Disputed General Unsecured Claims which were previously disallowed by the Bankruptcy Court but were subject to pending appeals), all of which were subject to pending objections filed by the GUC Trust. In addition, as of December 31, 2014, the GUC Trust held as reserves for Disputed General Unsecured Claims approximately \$40 million in claim amount that is not associated with any particular claim but which has been set aside by the GUC Trust Administrator as a general claim contingency. See "—Allowed and Disputed Claims" below.

To the extent that all or a portion of a Disputed General Unsecured Claim is deemed invalid—or "disallowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed is not entitled to a distribution from the GUC Trust (subject to any appeal rights of the claimant). However, to the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being deemed valid—or "allowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is allowed will be considered an Allowed General Unsecured Claim on the Effective Date (such claims, "Resolved Disputed Claims").

Only one avoidance action, captioned Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al., Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009) (the "Term Loan Avoidance Action"), was commenced prior to the statutory deadline for commencing such actions. The Term Loan Avoidance Action was commenced by the Official

Committee of Unsecured Creditors of Motors Liquidation Company (the “Committee”), and seeks the return of approximately \$1.5 billion that had been transferred by the Debtors (with funds advanced after the commencement of the Debtors’ chapter 11 cases by the United States Treasury and Export Development Canada (together, the “DIP Lenders”)) to a consortium of prepetition lenders pursuant to the terms of the order of the Bankruptcy Court. On December 15, 2011, in accordance with the Plan, upon the dissolution of MLC, the Term Loan Avoidance Action was transferred to the Avoidance Action Trust (as defined below). To the extent that Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust (the “Avoidance Action Trust Administrator”), is successful in obtaining a judgment against the defendant(s) to the Term Loan Avoidance Action, Allowed General Unsecured Claims will arise in the amount of any transfers actually avoided (that is, disgorged) pursuant thereto (such general unsecured claims “Term Loan Avoidance Action Claims,” and together with Resolved Disputed Claims, the “Resolved Allowed Claims”).

It is still unclear whether any amounts actually avoided pursuant to the Term Loan Avoidance Action would be for the benefit of holders of Allowed General Unsecured Claims. The Committee has taken the position that (a) except for the reimbursement of certain costs and expenses of the Avoidance Action Trust, the DIP Lenders are not entitled to any proceeds of the Term Loan Avoidance Action and have no interests in the trust established for the action under the Plan (the “Avoidance Action Trust”) and (b) except for the reimbursement of certain costs and expenses of the Avoidance Action Trust payable to the DIP Lenders, the holders of Allowed General Unsecured Claims have the exclusive right to receive any and all proceeds of the Term Loan Avoidance Action, and are the exclusive beneficiaries of the Avoidance Action Trust with respect thereto.

As described in Part II, Item 1, Legal Proceedings, litigation with respect to these issues is ongoing, and the rights to any recoveries on the Term Loan Avoidance Action are still disputed. Pursuant to the Plan, however, no funds reclaimed from the pre-petition lenders will be transferred to or otherwise benefit the GUC Trust or be distributed to holders of GUC Trust Units.

#### ***GUC Trust Distributable Assets***

Pursuant to the terms of the Plan, the Bankruptcy Court authorized the distribution of 150 million shares of New GM Common Stock issued by New GM, warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$10.00 per share (“New GM Series A Warrants”), and warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$18.33 per share (“New GM Series B Warrants”). Record ownership of the New GM Securities was held by MLC for the benefit of the GUC Trust until the dissolution of MLC on December 15, 2011, at which time record ownership was transferred to the GUC Trust.

As of December 31, 2014, the GUC Trust has received dividends on the New GM Common Stock it has held aggregating \$17.2 million. New GM has also declared a dividend of \$0.30 per share to holders of New GM Common Stock of record as of March 11, 2015. Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained as Other Administrative Cash (as defined below). Because such dividends are applied to the same purposes as the associated New GM Common Stock, references in this Form 10-Q to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

#### ***Funding for GUC Trust Costs of Liquidation***

The GUC Trust has incurred and will continue to incur certain costs to liquidate the trust assets and implement the Plan. On or about the Effective Date, pursuant to the Plan, MLC contributed approximately \$52.7 million to the GUC Trust to be held and maintained by the GUC Trust Administrator (the “Administrative Fund”) for the purpose of paying certain fees and expenses (including certain tax obligations) incurred by the GUC Trust (including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for professionals retained by the GUC Trust), other than the Reporting Costs, as defined below (“Wind-Down Costs”). As of December 31, 2014, the remaining Administrative Fund aggregated \$8.4 million (consisting of cash and cash equivalents and marketable securities). Of that amount, approximately \$8.2 million has been separately designated for the satisfaction of certain identified costs and liabilities of the GUC Trust, and such amounts may not be used for the payment of other Wind-Down Costs. The remaining \$0.2 million of the Administrative Fund is available for other Wind-Down Costs (principally the payment of GUC Trust professionals), which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes. Cash or investments from the Administrative Fund, if any, which remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders.

The GUC Trust Agreement authorized the GUC Trust to liquidate approximately \$5.7 million of New GM Securities (the “Initial Reporting Cash”) shortly after the Effective Date for the purposes of funding certain fees and expenses of the GUC Trust (the “Reporting Costs”), including those directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission, (ii) the transfer, registration for transfer and certification of GUC Trust Units, and (iii) the application by the Committee to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities. The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Reporting Costs.

The GUC Trust Agreement provides that, if the GUC Trust Administrator determines that the Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs or the Initial Reporting Cash is not sufficient to satisfy the current or projected Reporting Costs, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to set aside New GM Securities from distribution for these purposes. The GUC Trust Administrator may then liquidate such “set aside” New GM Securities to fund the Wind-Down Costs and/or Reporting Costs with the required approval of the Bankruptcy Court. New GM Securities that are set aside and/or sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale (including related Dividend Cash) will be classified as “Other Administrative Cash” under the GUC Trust Agreement. Although any such liquidation of set aside New GM Securities will be reflected in the financial statements of the GUC Trust at the time of liquidation, the setting aside of New GM Securities, including Dividend Cash, itself is not reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. Separate from this process of setting aside New GM Securities to satisfy unfunded projected costs and expenses of the GUC Trust, as a matter of financial reporting, the GUC Trust records a reserve in its Statement of Net Assets in Liquidation (the source of funding of which is not addressed therein) for all expected costs of liquidation for which there is a reasonable basis for estimation. For this reason, among others, there is not a direct relationship between the amount of such reserve reflected in the Statement of Net Assets in Liquidation and the value of New GM Securities that are set aside for current or projected costs and expenses of the GUC Trust. Adjustments to the Reserve for Expected Costs of Liquidation as reported in the Statement of Net Assets in Liquidation are recorded only when there is a reasonable basis for estimation of the expected incurrence of additional costs or a reduction in expected costs. For more information regarding the Reserves for Expected Costs of Liquidation reflected in the Statement of Net Assets in Liquidation, see Note 7.

The Bankruptcy Court previously approved in March 2012, and December 2012, the sale of New GM Securities to fund the then current and projected costs and expenses of the GUC Trust. In March 2012, the Bankruptcy Court order also authorized the sale of further New GM Securities aggregating \$13.7 million for the purpose of funding certain fees, costs and expenses of the Avoidance Action Trust and the transfer of the sales proceeds to the Avoidance Action Trust (such sales proceeds were so transferred in May 2012). Sales of New GM Securities to fund projected Reporting Costs and Wind-Down Costs aggregated approximately \$50.2 million, including the Initial Reporting Cash (which amounts comprised part of the GUC Trust’s Other Administrative Cash) during the years ended March 31, 2013 and 2012. Such securities sold aggregated 902,228 shares of New GM Common Stock, 820,205 New GM Series A Warrants and 820,205 New GM Series B Warrants. There have been no subsequent sales of securities to fund Wind-Down Costs and Reporting Costs.

As of December 31, 2014, Other Administrative Cash aggregated \$6.0 million. To the extent that any of the Other Administrative Cash is not ultimately used to fund costs and expenses of the GUC Trust and is held by the GUC Trust at the time of its dissolution, such remaining Other Administrative Cash will be distributed by the GUC Trust to holders of the GUC Trust Units.

As of December 31, 2014, New GM Securities with an aggregate fair market value as of that date of \$68.4 million and related Dividend Cash of \$1.1 million have been set aside for projected GUC Trust fees, costs and expenses to be incurred beyond 2014, including \$8.2 million set aside for projected income taxes on dividends received on holdings of New GM Common Stock as described below in “Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock”. Accordingly, such New GM Securities are currently not available for distribution to the beneficiaries of the GUC Trust Units.

On January 14, 2015, the GUC Trust Administrator filed a motion seeking authority from the Bankruptcy Court to liquidate set aside New GM Securities and use set aside Dividend Cash (in an aggregate amount of approximately \$11.5 million) to fund anticipated administrative and reporting fees, costs and expenses of the GUC Trust for the calendar year 2015 (the “2015 Liquidation Motion”). On January 29, 2015, the Bankruptcy Court approved the 2015 Liquidation Motion. While the GUC Trust Administrator has not yet exercised its authority to liquidate set aside New GM Securities or use set aside Dividend Cash, it currently plans to exercise this authority in February 2015.



***Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock***

The GUC Trust is subject to U.S. federal income tax on realized net gains from the distribution and sale of shares of New GM Common Stock and New GM Warrants (such taxes, "Taxes on Distribution"). The GUC Trust is also subject to U.S. federal income tax on dividends received on New GM Common Stock held by the GUC Trust (such taxes, "Dividend Taxes"). The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Taxes on Distribution or Dividend Taxes. As such, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to set aside from distribution New GM Securities, the liquidated proceeds of which, along with the related Dividend Cash, would be sufficient to satisfy any potential Taxes on Distribution or Dividend Taxes. The New GM Securities that are set aside for Dividend Taxes are included in the set-aside for Wind-Down Costs described above in "Funding for GUC Trust Costs of Liquidation". The GUC Trust Administrator may then liquidate such "set aside" New GM Securities to fund the Taxes on Distribution or Dividend Taxes with the approval of the GUC Trust Monitor, but, with respect to Taxes on Distributions only, without the necessity of obtaining approval of the Bankruptcy Court. New GM Securities that are set aside and subsequently sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale, along with the related Dividend Cash, will be classified as "Other Administrative Cash" under the GUC Trust Agreement. New GM Securities that have been so set aside are included in Holdings of New GM Securities in the accompanying Statements of Net Assets in Liquidation. In the event such set-aside New GM Securities were sold to fund Taxes on Distribution or Dividend Taxes, the proceeds of such sale would be reflected in Cash and Cash Equivalents and/or Marketable Securities until expended to pay Taxes on Distribution or Dividend Taxes. While the set-aside New GM Securities and the related Dividend Cash are not available for distribution, there is no corresponding liability or reserve related to such set-aside assets reflected in the Statements of Net Assets in Liquidation or any of the other financial statements of the GUC Trust.

During the quarter ended December 31, 2014, the GUC Trust Administrator reviewed the current and potential Taxes on Distribution. As a result of such review, the GUC Trust Administrator determined that New GM Securities with an aggregate fair market value (as of December 31, 2014) of \$271.2 million and related Dividend Cash of \$4.4 million should be set aside for potential Taxes on Distribution based on (1) the GUC Trust's method for calculating potential gains on distributions or sales of New GM Securities (reduced by future deductible expenses at December 31, 2014) and (2) the GUC Trust's method for converting the potential tax liability to the number of securities to be set aside. Such New GM Securities are not currently available for distribution to the beneficiaries of GUC Trust Units. The GUC Trust Administrator intends to continue to reevaluate the numbers of New GM Securities set aside on a quarterly basis.

As previously disclosed, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that the transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The new tax position has not been sustained on examination by the Internal Revenue Service as of the date hereof. However, the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position will be sustained on examination by the Internal Revenue Service based on the technical merits of the position. Accordingly, this new tax position has been recognized in the current and deferred income tax liabilities and the income tax provision in the GUC Trust's financial statements since the quarter ended September 30, 2013.

Following the GUC Trust's determination to utilize the new tax position set forth above, the GUC Trust filed its U.S. federal income tax returns for the years ended March 31, 2014 and 2013 with the Internal Revenue Service using such new tax position. Such tax returns were accompanied by requests for prompt determination of tax liability pursuant to Section 505(b) of the Bankruptcy Code and, on August 11, 2014, the statutory notification period set forth in Section 505(b) of the Bankruptcy Code with respect to the GUC Trust's U.S. federal income tax return for the year ended March 31, 2014 expired. Accordingly, the tax liabilities set forth in the GUC Trust's U.S. federal income tax returns for the years ended March 31, 2014 and 2013 are no longer subject to examination by the Internal Revenue Service. However, remaining capital loss carryovers of \$185.4 million as of March 31, 2014 that were generated in those years, from the new tax position, along with net operating loss carryovers of \$84.5 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

In contrast to the GUC Trust's financial statements, as a conservative measure, the calculation of the "set aside" of New GM Securities for potential Taxes on Distribution utilizes the prior tax position rather than the new tax position to the extent that the GUC Trust's liability for Taxes on Distribution has not been finally determined in accordance with Section 505(b) of the Bankruptcy Code or the new tax position has not been sustained on examination by the Internal Revenue Service. Accordingly, the potential tax liability for the GUC Trust's U.S. federal income tax returns for the year ending March 31, 2015 and subsequent years is calculated, for

purposes of the “set aside” of New GM Securities for potential Taxes on Distribution, using the prior tax position rather than the new tax position. In addition, the “set aside” calculation does not recognize any reductions related to remaining net operating loss carryovers or capital loss carryovers for losses on distributions or sales of New GM Securities that are attributable to the March 31, 2014 tax year or prior tax years, until such carryovers are utilized and such utilization is finally determined in accordance with Section 505(b) of the Bankruptcy Code or the new tax position has been sustained on examination by the Internal Revenue Service.

### ***Residual Wind-Down Claims and Costs***

Upon the dissolution of the Debtors, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining disputed administrative expenses, priority tax claims, priority non-tax claims and secured claims (the “Residual Wind-Down Claims”). On December 15, 2011, under the Plan, the Debtors transferred to the GUC Trust an amount of cash necessary (the “Residual Wind-Down Assets”) to satisfy the ultimate allowed amount of such Residual Wind-Down Claims (including certain reasonable litigation defense costs related to the Term Loan Avoidance Action (the “Avoidance Action Defense Costs”), as estimated by the Debtors, and the costs, fees and expenses relating to satisfying and resolving the Residual Wind-Down Claims (the “Residual Wind-Down Costs”). The Residual Wind-Down Assets initially aggregated approximately \$42.8 million (which amount consisted of approximately \$40.0 million in cash, including approximately \$1.4 million designated for the payment of Avoidance Action Defense Costs, and the transferred benefit of approximately \$2.8 million in prepaid expenses). Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If, at any time, the GUC Trust Administrator determines that the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims (including the actual amount of Avoidance Action Defense Costs) and Residual Wind-Down Costs, such costs will be satisfied by Other Administrative Cash. If there is no remaining Other Administrative Cash, the GUC Trust Administrator is authorized to, with GUC Trust Monitor approval, set aside and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. To the extent that New GM Securities are set aside and sold to obtain funding to complete the wind-down of the Debtors, such securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution. Although any such sale of set-aside New GM Securities would be reflected in the financial statements of the GUC Trust in the period of sale, the setting aside of New GM Securities and related Dividend Cash itself would not be reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. After the GUC Trust has concluded its affairs, any funds remaining that were obtained from the sale of New GM Securities to fund the wind-down process or the resolution and satisfaction of the Residual Wind-Down Claims will be distributed to the holders of the GUC Trust Units.

The amount of Avoidance Action Defense Costs incurred to date exceeds the corresponding cash of \$1.4 million received by the GUC Trust from MLC on the Dissolution Date by approximately \$3.0 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. It is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise to be paid from the other remaining Residual Wind-Down Assets and, following the depletion of such assets, the Administrative Fund (to the extent of any excess amounts remaining in the Administrative Fund from the funds separately designated for the satisfaction of certain costs and liabilities of the GUC Trust), Other Administrative Cash or the sale of New GM Securities. As of December 31, 2014, \$28.9 million in Residual Wind-Down Assets were held by the GUC Trust, which are recorded in cash and cash equivalents and marketable securities (aggregating approximately \$28.8 million) and other assets and deposits (approximately \$0.1 million) in the accompanying Condensed Statement of Net Assets in Liquidation. By comparison, there were approximately \$0.9 million in Residual Wind-Down Claims against such assets as of December 31, 2014, subject to increase for new Residual Wind-Down Claims that are expected to arise for Avoidance Action Defense Costs.

In addition to the Residual Wind-Down Assets, the GUC Trust also received on the Dissolution Date approximately \$3.4 million in cash from MLC for the purposes of funding (1) \$1.4 million in respect of certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC, or the Indenture Trustee / Fiscal and Paying Agent Costs, and (2) \$2.0 million in respect of Reporting Costs. The funds received were credited to the reserve for expected costs of liquidation. Any unused portion of the funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. As of December 31, 2014, funds designated for the Indenture Trustee / Fiscal and Paying Agents Costs held by the GUC Trust approximated \$0.4 million and are recorded in cash and cash equivalents in the accompanying Condensed Statement of Net Assets in Liquidation.

### **3. Net Assets in Liquidation**

#### ***Description***

Under the GUC Trust Agreement and the Plan, as described more fully in Note 1, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and

future and current holders of GUC Trust Units. Certain assets of the GUC Trust are reserved for funding the expected costs of liquidation and potential tax liabilities and are currently not available to the Trust Beneficiaries. Other assets of the GUC Trust, primarily Holdings of New GM Securities, as described in Notes 1 and 5, are available to be distributed to the Trust Beneficiaries ("GUC Trust Distributable Assets") in accordance with the Plan and the GUC Trust Agreement. The amounts of net assets in liquidation presented in the accompanying Condensed Statements of Net Assets in Liquidation at December 31, 2014 and March 31, 2014, correspond to the amounts of GUC Trust Distributable Assets as of December 31, 2014 and March 31, 2014, after certain adjustments.

### ***Trust Units***

As described in Note 1, each holder of an Allowed General Unsecured Claim will retain a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such shares of New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims or Term Loan Avoidance Action Claims, or liquidation for the payment of the expenses or tax liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust. The GUC Trust issues units representing such contingent rights ("GUC Trust Units") at the rate of one GUC Trust Unit per \$1,000 of Allowed General Unsecured Claims to each holder of an Allowed General Unsecured Claim, subject to rounding pursuant to the GUC Trust Agreement, in connection with the initial recognition of each Allowed General Unsecured Claim.

The GUC Trust makes quarterly liquidating distributions to holders of GUC Trust Units to the extent that (i)(a) certain previously Disputed General Unsecured Claims asserted against the Debtors' estates or potential Term Loan Avoidance Action Claims are either disallowed or are otherwise resolved favorably to the GUC Trust (thereby reducing the amount of GUC Trust assets reserved for distribution in respect of such asserted or potential claims) or (b) certain Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) that were previously set aside from distribution are released in the manner permitted under the GUC Trust Agreement, and (ii) as a result of the foregoing, the amount of Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) as of the end of the relevant quarter exceeds thresholds set forth in the GUC Trust Agreement.

The following presents the changes during the three months ended December 31, 2014 in the number of GUC Trust Units outstanding or for which the GUC Trust was obligated to issue:

|  | Trust Units       |
|--|-------------------|
| Outstanding or issuable at September 30, 2014    | 31,853,702        |
| Issued during the period                         | —                 |
| Less: Issuable at beginning of period (1)        | (— )              |
| Add: Issuable at end of period (1)               | —                 |
| Outstanding or issuable at December 31, 2014 (2) | <u>31,853,702</u> |

- (1) The number of GUC Trust Units issuable at any time represents GUC Trust Units issuable in respect of Allowed General Unsecured Claims that were newly allowed during the fiscal quarter.
- (2) The number of GUC Trust Units outstanding at any time represents GUC Trust Units issued in respect of Allowed General Unsecured Claims that were allowed in prior periods, including GUC Trust Units held by the GUC Trust for the benefit of (a) holders of Allowed General Unsecured Claims who had not yet supplied information required by the GUC Trust in order to effect the initial distribution to which they are entitled and (b) governmental entities that are precluded by applicable law from receiving distributions of GUC Trust Units and New GM Securities.

### ***Allowed and Disputed Claims***

The total cumulative pro rata liquidating distributions ultimately received by Trust Beneficiaries is dependent upon the current amount of Allowed General Unsecured Claims and final resolution of outstanding Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims (as described in Note 2). Disputed General Unsecured Claims at December 31, 2014 reflect claim amounts at their originally filed amounts, a court ordered distribution "set aside" for certain claims filed without a claim amount and other adjustments as ordered by the court or permitted by the Plan. The Disputed General Unsecured Claims may settle at amounts that differ significantly from these amounts and at amounts that differ significantly from the historical pattern at which claims have been settled and allowed in proportion to claims resolved and disallowed. As described in Note 1, prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims or potential Term Loan Avoidance Action Claims. Liquidating distributions payable are recorded (at the fair value of New GM Securities to be distributed) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential

Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence.

The following table presents a summary of the Allowed and Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims for the three months ended December 31, 2014:

| (in thousands)   | Allowed General<br>Unsecured<br>Claims | Disputed General<br>Unsecured<br>Claims | Term Loan<br>Avoidance<br>Action<br>Claims | Maximum<br>Amount of<br>Unresolved<br>Claims (1) | Total Claim<br>Amount (2) |
|--|--|---|--|--|---------------------------|
| Total, September 30, 2014                                | \$ 31,853,630                          | \$ 79,500                               | \$1,500,000                                | \$1,579,500                                      | \$33,433,130              |
| New Allowed General Unsecured Claims                     | —                                      | —                                       | —  | —  | —                         |
| Disputed General Unsecured Claims resolved or disallowed | —                                      | —                                       | —  | —  | —                         |
| Total, December 31, 2014                                 | <u>\$ 31,853,630</u>                   | <u>\$ 79,500</u>                        | <u>\$1,500,000</u>                         | <u>\$1,579,500</u>                               | <u>\$33,433,130</u>       |

- (1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.  
(2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

#### 4. Liquidating Distributions

Liquidating distributions in the three months ended December 31, 2014 consisted of the following:

| (in thousands)  | Fair Value        |
|---|-------------------|
| Distributions during the three months ended December 31, 2014 | \$ 240,640        |
| Less: Liquidating distributions payable at September 30, 2014 | (248,763)         |
| Add: Liquidating distributions payable at December 31, 2014   | 6,033             |
| Total   | <u>\$ (2,090)</u> |

Liquidating distributions during the nine months ended December 31, 2014, consisted of the following:

| (in thousands)   | Fair Value       |
|--|------------------|
| Distributions during the nine months ended December 31, 2014 | \$244,188        |
| Less: Liquidating distributions payable at March 31, 2014    | (42,111)         |
| Add: Liquidating distributions payable at December 31, 2014  | 6,033            |
| Total  | <u>\$208,110</u> |

The distributions during the three and nine months ended December 31, 2014 consisted of (1) excess distributions and (2) distributions to holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements.

Distributions during the three months ended December 31, 2014 aggregate to an increase in net assets in liquidation during the period primarily due to a decline in the fair value of New GM Securities included in liquidating distributions payable at September 30, 2014 to their fair value on the date of the excess distribution on or about November 12, 2014.

The GUC Trust was obligated at December 31, 2014 to distribute 79,796 shares of New GM Stock, 72,441 of New GM Series A Warrants, and 72,441 of New GM Series B Warrants in the aggregate to certain holders of GUC Trust Units and certain holders of Allowed General Unsecured Claims who had not yet satisfied certain informational requirements necessary to receive these securities. In addition, as of December 31, 2014, cash of \$0.2 million was then distributable as follows: (a) for Dividend Cash associated with the New GM Common Stock that the GUC Trust was obligated to distribute at December 31, 2014, (b) to governmental entities which are precluded by applicable law from receiving distributions of New GM Securities, and (c) for distributions in lieu of fractional shares and warrants.



## 5. Holdings of New GM Securities

At December 31, 2014, the Holdings of New GM Securities, at fair value, consisted of the following:

|                          | Number     | Fair Value<br>(in thousands) |
|--------------------------|------------|------------------------------|
| New GM Common Stock      | 11,533,513 | \$ 402,635                   |
| New GM Series A Warrants | 10,484,773 | 262,958                      |
| New GM Series B Warrants | 10,484,773 | 178,241                      |
| Total                    |            | <u>\$ 843,834</u>            |

As described in Note 4, as of December 31, 2014, the GUC Trust had accrued liquidating distributions payable aggregating \$6.0 million, consisting of \$5.8 million in respect of New GM Securities and cash of \$0.2 million then distributable. As a result, the numbers of New GM Securities reflected above include shares and warrants for which liquidating distributions were then pending. As of December 31, 2014, these securities for which distributions were then pending aggregated 79,796 shares of New GM Common Stock, 72,441 Series A Warrants and 72,441 Series B Warrants.

As of December 31, 2014, the number of common stock shares and warrants in the table above also includes New GM Securities aggregating \$68.4 million (excluding related Dividend Cash) reserved, or set aside, for projected GUC Trust fees, costs and expenses to be incurred beyond 2014 (including \$8.1 million for projected Dividend Taxes) and \$271.2 million (excluding related Dividend Cash) of New GM Securities reserved, or set aside, for potential Taxes on Distribution. As a result, as of December 31, 2014, the numbers of New GM Securities in the table above include an aggregate of 4,641,667 shares of New GM Common Stock, 4,219,669 New GM Series A Warrants, and 4,219,669 New GM Series B Warrants which have been so set aside.

Set forth below are the aggregate number and fair value of all such shares and warrants which are pending distribution, or are set aside and are not available for distribution at December 31, 2014.

|                          | Number    | Fair Value<br>(in thousands) |
|--------------------------|-----------|------------------------------|
| New GM Common Stock      | 4,721,463 | \$ 164,826                   |
| New GM Series A Warrants | 4,292,110 | 107,646                      |
| New GM Series B Warrants | 4,292,110 | 72,966                       |
| Total                    |           | <u>\$ 345,438</u>            |

## 6. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The GUC Trust's Cash Equivalents, Marketable Securities, Holdings of New GM Securities and Liquidating Distributions Payable are presented as provided by this hierarchy.

*Level 1*—In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets and liabilities that the GUC Trust has the ability to access.

*Level 2*—Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3*—Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The GUC Trust had no assets or liabilities that are measured with Level 3 inputs at December 31, 2014 and March 31, 2014.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The GUC Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The GUC Trust also holds other financial instruments not measured at fair value on a recurring basis, including Accounts Payable and Other Liabilities. The fair value of these liabilities approximates the carrying amounts in the accompanying Statements of Net Assets in Liquidation due to the short maturity of such instruments.

The following table presents information about the GUC Trust's assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and March 31, 2014, and the valuation techniques used by the GUC Trust to determine those fair values.

| (in thousands)                              | December 31, 2014 |                  |             |                   |
|---|-------------------|------------------|-------------|-------------------|
|   | Level 1           | Level 2          | Level 3     | Total             |
| <b>Assets:</b>                              |                   |                  |             |                   |
| <b>Cash Equivalents:</b>                    |                   |                  |             |                   |
| Money market funds                          | \$ 10,079         | \$ —             | \$ —        | \$ 10,079         |
| <b>Marketable Securities:</b>               |                   |                  |             |                   |
| Municipal commercial paper and demand notes | —                 | 10,921           | —           | 10,921            |
| Corporate commercial paper                  | —                 | 21,167           | —           | 21,167            |
| <b>Holdings of New GM Securities:</b>       |                   |                  |             |                   |
| New GM Common Stock                         | 402,635           | —                | —           | 402,635           |
| New GM Warrants                             | 441,199           | —                | —           | 441,199           |
| <b>Total Assets</b>                         | <b>\$ 853,913</b> | <b>\$ 32,088</b> | <b>\$ —</b> | <b>\$ 886,001</b> |
| <b>Liabilities:</b>                         |                   |                  |             |                   |
| Liquidating distributions payable           | \$ 6,033          | \$ —             | \$ —        | \$ 6,033          |

  

| (in thousands)                              | March 31, 2014      |                  |             |                     |
|---|---------------------|------------------|-------------|---------------------|
|   | Level 1             | Level 2          | Level 3     | Total               |
| <b>Assets:</b>                              |                     |                  |             |                     |
| <b>Cash Equivalents:</b>                    |                     |                  |             |                     |
| Money market funds                          | \$ 8,953            | \$ —             | \$ —        | \$ 8,953            |
| <b>Marketable Securities:</b>               |                     |                  |             |                     |
| Municipal commercial paper and demand notes | —                   | 18,005           | —           | 18,005              |
| Corporate commercial paper                  | —                   | 26,377           | —           | 26,377              |
| <b>Holdings of New GM Securities:</b>       |                     |                  |             |                     |
| New GM Common Stock                         | 526,533             | —                | —           | 526,533             |
| New GM Warrants                             | 587,545             | —                | —           | 587,545             |
| <b>Total Assets</b>                         | <b>\$ 1,123,031</b> | <b>\$ 44,382</b> | <b>\$ —</b> | <b>\$ 1,167,413</b> |
| <b>Liabilities:</b>                         |                     |                  |             |                     |
| Liquidating distributions payable           | \$ 42,111           | \$ —             | \$ —        | \$ 42,111           |

The following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value:

- Due to its short-term, liquid nature, the fair value of cash equivalents approximates its carrying value.
- Holdings of New GM Securities are valued at closing prices reported on the active market on which the securities are traded.
- Marketable securities include municipal commercial paper and variable demand notes and corporate commercial paper. Municipal variable demand notes trade daily at par value and, therefore, their fair value is equal to par value. Due to their short term maturities, the fair value of municipal and corporate commercial paper approximates their carrying value.
- Liquidating distributions payable are valued at closing prices of New GM Securities reported on the active market on which the securities are traded.

The GUC Trust's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no such transfers during the three or nine months ended December 31, 2014 and the year ended March 31, 2014.

## 7. Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims

The following is a summary of the activity in the reserves for expected costs of liquidation for the three and nine months ended December 31, 2014 and 2013:

| (in thousands)                   | Three months ended December 31, 2014          |   |   |  |   |   |
|----------------------------------|---|---|---|--|---|---|
|                                  | Reserve for<br>Expected<br>Wind-Down<br>Costs | Reserve for<br>Expected<br>Reporting<br>Costs | Reserve for<br>Indenture<br>Trustee/Fiscal<br>and Paying<br>Agent Costs | Reserve for<br>Avoidance<br>Action<br>Defense<br>Costs | Reserve for<br>Residual<br>Wind-Down<br>Costs | Total Reserves<br>for Expected<br>Costs of<br>Liquidation |
| Balance, September 30, 2014      | \$ 22,042                                     | \$ 9,663                                      | \$ 408  | \$ —   | \$ 1,234                                      | \$ 33,347   |
| Plus additions to reserves       | 2,952   | 248   | —   | —  | —   | 3,200   |
| Less liquidation costs incurred: |   |   |   |  |   |   |
| Trust Professionals              | (1,997)                                       | (431)   | —   | —  | (4)   | (2,432)   |
| Trust Governance                 | (899)   | (451)   | (18)  | —  | —   | (1,368)   |
| Other Administrative Expenses    | (12)  | (103)   | —   | —  | —   | (115)   |
| Balance, December 31, 2014       | <u>\$ 22,086</u>                              | <u>\$ 8,926</u>                               | <u>\$ 390</u>   | <u>\$ —</u>  | <u>\$ 1,230</u>                               | <u>\$ 32,632</u>  |

| (in thousands)                                | Nine months ended December 31, 2014           |   |   |  |   |   |
|---|---|---|---|--|---|---|
|   | Reserve for<br>Expected<br>Wind-Down<br>Costs | Reserve for<br>Expected<br>Reporting<br>Costs | Reserve for<br>Indenture<br>Trustee/Fiscal<br>and Paying<br>Agent Costs | Reserve for<br>Avoidance<br>Action<br>Defense<br>Costs | Reserve for<br>Residual<br>Wind-Down<br>Costs | Total Reserves<br>for Expected<br>Costs of<br>Liquidation |
| Balance, March 31, 2014                       | \$ 22,529                                     | \$ 12,235                                     | \$ 464  | \$ —   | \$ 1,258                                      | \$ 36,486   |
| Plus additions to (reductions in)<br>reserves | 7,629   | (294)   | —   | —  | —   | 7,335   |
| Less liquidation costs incurred:              |   |   |   |  |   |   |
| Trust Professionals                           | (5,324)                                       | (1,406)                                       | —   | —  | (28)  | (6,758)   |
| Trust Governance                              | (2,728)                                       | (1,354)                                       | (74)  | —  | —   | (4,156)   |
| Other Administrative Expenses                 | (20)  | (255)   | —   | —  | —   | (275)   |
| Balance, December 31, 2014                    | <u>\$ 22,086</u>                              | <u>\$ 8,926</u>                               | <u>\$ 390</u>   | <u>\$ —</u>  | <u>\$ 1,230</u>                               | <u>\$ 32,632</u>  |

| (in thousands)                   | Three months ended December 31, 2013          |   |   |  |   |   |
|----------------------------------|---|---|---|--|---|---|
|                                  | Reserve for<br>Expected<br>Wind-Down<br>Costs | Reserve for<br>Expected<br>Reporting<br>Costs | Reserve for<br>Indenture<br>Trustee/Fiscal<br>and Paying<br>Agent Costs | Reserve for<br>Avoidance<br>Action<br>Defense<br>Costs | Reserve for<br>Residual<br>Wind-Down<br>Costs | Total Reserves<br>for Expected<br>Costs of<br>Liquidation |
| Balance, September 30, 2013      | \$ 26,468                                     | \$ 14,272                                     | \$ 494  | \$ 588   | \$ 1,285                                      | \$ 43,107   |
| Plus additions to reserves       | 578   | 68  | —   | —  | —   | 646   |
| Less liquidation costs incurred: |   |   |   |  |   |   |
| Trust Professionals              | (1,551)                                       | (675)   | —   | (588)  | (10)  | (2,824)   |
| Trust Governance                 | (973)   | (450)   | (23)  | —  | —   | (1,446)   |
| Other Administrative Expenses    | (13)  | (107)   | —   | —  | —   | (120)   |
| Balance, December 31, 2013       | <u>\$ 24,509</u>                              | <u>\$ 13,108</u>                              | <u>\$ 471</u>   | <u>\$ —</u>  | <u>\$ 1,275</u>                               | <u>\$ 39,363</u>  |

| (in thousands)                   | Nine months ended December 31, 2013           |   |   |  |   |   |
|----------------------------------|---|---|---|--|---|---|
|                                  | Reserve for<br>Expected<br>Wind-Down<br>Costs | Reserve for<br>Expected<br>Reporting<br>Costs | Reserve for<br>Indenture<br>Trustee/Fiscal<br>and Paying<br>Agent Costs | Reserve for<br>Avoidance<br>Action<br>Defense<br>Costs | Reserve for<br>Residual<br>Wind-Down<br>Costs | Total Reserves<br>for Expected<br>Costs of<br>Liquidation |
| Balance, March 31, 2013          | \$ 38,043                                     | \$ 20,442                                     | \$ 499  | \$ 898   | \$ 1,631                                      | \$ 61,513   |
| Less reductions in reserves      | (3,485)                                       | (4,078)                                       | —   | —  | —   | (7,563)   |
| Less liquidation costs incurred: |   |   |   |  |   |   |
| Trust Professionals              | (7,033)                                       | (1,628)                                       | —   | (898)  | (356)   | (9,915)   |
| Trust Governance                 | (2,977)                                       | (1,351)                                       | (28)  | —  | —   | (4,356)   |
| Other Administrative Expenses    | (39)  | (277)   | —   | —  | —   | (316)   |
| Balance, December 31, 2013       | \$ 24,509                                     | \$ 13,108                                     | \$ 471  | \$ —   | \$ 1,275                                      | \$ 39,363   |

During the three months ended December 31, 2014, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$3.0 million and \$0.2 million, respectively. During the nine months ended December 31, 2014, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$7.6 million and decreased by \$0.3 million, respectively. During the three months ended December 31, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) increased by \$578,000 and \$68,000, respectively. During the nine months ended December 31, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs decreased by \$3.5 million and \$4.1 million, respectively. Such revisions in the estimates were recorded as additions to (reductions in) the reserves for expected costs of liquidation in such periods. The GUC Trust has recorded reserves for expected costs of liquidation that represent amounts expected to be incurred over the estimated remaining liquidation period of the GUC Trust for which there was a reasonable basis for estimation as of December 31, 2014.

The amount of liquidation costs that will ultimately be incurred depends both on that time period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of December 31, 2014, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 31, 2016, which has been estimated predominantly on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. Where an outcome is estimated to be likely, the likely outcome has been used as the best estimate and no weight has been given to the unlikely outcome. The remaining liquidation period is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. It is possible that future developments in the Term Loan Avoidance Action could extend the current estimate of such remaining period of time for resolution and, therefore, extend the estimated remaining liquidation period of the GUC Trust beyond December 31, 2016. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

As described in Part II, Item 1, Legal Proceedings, the GUC Trust is participating, as an interested party, in litigation involving certain General Motors vehicle recalls. While the impact of such litigation on the remaining liquidation period of the GUC Trust is not subject to reasonable estimation at this time, it is possible that such litigation could extend the remaining liquidation period of the GUC Trust beyond December 31, 2016.

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the three months ended December 31, 2014 and 2013:

| (in thousands)                        | 2014     | 2013     |
|---------------------------------------|----------|----------|
| Balance, beginning of period          | \$27,419 | \$29,437 |
| Less claims allowed during the period | (988)    | (97)     |
| Balance, end of period                | \$26,431 | \$29,340 |

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the nine months ended December 31, 2014 and 2013:

| (in thousands)                        | 2014            | 2013            |
|---------------------------------------|-----------------|-----------------|
| Balance, beginning of period          | \$28,698        | \$30,855        |
| Less claims allowed during the period | (2,267)         | (1,515)         |
| Balance, end of period                | <u>\$26,431</u> | <u>\$29,340</u> |

## 8. Income Tax (Provision) Benefit

The income tax (expense) benefit in the Condensed Statements of Changes in Net Assets in Liquidation for the three and nine months ended December 31, 2014 and 2013 was determined by computing the current and deferred tax provision or benefit for the interim periods using the GUC Trust's statutory tax rate of 39.6% that became effective on April 1, 2013. There was no current tax provision or benefit in any of such periods due to cumulative net operating and capital losses and no income taxes have been paid by the GUC Trust.

The components of the income tax (provision) benefit in the Condensed Statements of Changes in Net Assets in Liquidation for the three and nine months ended December 31, 2014 and 2013 are as follows:

| (in thousands) | Three Months Ended December 31, |                    | Nine Months Ended December 31, |                   |
|----------------|---------------------------------|--------------------|--------------------------------|-------------------|
|                | 2014                            | 2013               | 2014                           | 2013              |
| Current        | \$ —                            | \$ —               | \$ —                           | \$ —              |
| Deferred       | —                               | (32,183)           | —                              | 132,662           |
| Total          | <u>\$ —</u>                     | <u>\$ (32,183)</u> | <u>\$ —</u>                    | <u>\$ 132,662</u> |

Deferred taxes in the accompanying condensed statement of net assets in liquidation at December 31, 2014 are comprised of the following components:

|  |             |
|--|-------------|
| Deferred tax assets:   |             |
| Reserves for expected costs of liquidation                         | \$ 10,990   |
| Net operating and capital loss carryovers                          | 108,720     |
| Gross deferred tax assets  | 119,710     |
| Less: Valuation allowance  | (79,762)    |
| Deferred tax asset, net of valuation allowance                     | 39,948      |
| Deferred tax liabilities:  |             |
| Fair value in excess of tax basis of holdings of New GM Securities | (38,539)    |
| Other  | (1,409)     |
| Gross deferred tax liabilities                                     | (39,948)    |
| Net deferred tax liability   | <u>\$ —</u> |

For the years ended March 31, 2014 and 2013, the GUC Trust filed its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position in the amounts reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Although the GUC Trust's tax liability with respect to its federal income tax returns for the year ended March 31, 2014 and prior years are no longer subject to examination by the Internal Revenue Service as a result of the application of Section 505(b) of the Bankruptcy Code, this

new tax position, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly, remaining capital loss carryovers of \$185.4 million as of March 31, 2014, from the new tax position, along with net operating loss carryovers of \$84.5 million as of March 31, 2014, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

A full valuation allowance against net deferred tax assets aggregating \$79.8 million was established as of December 31, 2014 due to uncertainty as to whether the deferred tax assets are realizable. Such valuation allowance was decreased by \$32.7 million and increased by \$8.6 million from the full valuation allowance against net deferred tax assets established as of September 30, 2014 and March 31, 2014, respectively. The valuation allowance against deferred tax assets of \$103.9 million that was established in the quarter ended September 30, 2013, was reversed during the quarter ended December 31, 2013. Such reversal was due to anticipated taxable gains exceeding deductible items primarily as a result of utilization of net operating loss carryovers in the quarter ended December 31, 2013. Such net operating loss carryovers were utilized as a result of the generation of taxable gains from the sale and distribution of New GM Securities during the quarter. Realization of the net deferred tax assets is dependent upon the generation of taxable gains upon the distribution or sale of New GM Securities in the future, which is not determinable prior to occurrence, or the receipt of future dividends on New GM Common Stock held by the GUC Trust for which a reasonable basis for estimation does not exist at this time.

As of December 31, 2014, the GUC Trust has net operating losses from the current year and carryforwards from prior years aggregating \$85.2 million and capital losses from the current year and carryforwards from prior years aggregating \$189.3 million (resulting in a deferred tax asset of \$108.7 million) after giving effect to the new tax position with respect to the tax basis of New GM Securities described above.

## **9. Related Party Transactions**

In addition to serving as GUC Trust Administrator, Wilmington Trust Company continues to serve as trustee pursuant to the indentures for certain series of previously outstanding debt of MLC. Wilmington Trust Company has received and will continue to receive certain customary fees in amounts consistent with Wilmington Trust Company's standard rates for such service. The Bankruptcy Court previously approved the creation of a segregated fund for the purposes of funding such fees for Wilmington Trust Company, as well as the other indenture trustees and fiscal and paying agents for previously outstanding debt of MLC. There were no such fees for Wilmington Trust Company in the three and nine months ended December 31, 2014 and 2013.

In addition, Wilmington Trust Company has entered into certain arrangements with the GUC Trust pursuant to which it or its affiliates have previously received, and may in the future receive, reasonable and customary fees and commissions for services other than services in the capacity of GUC Trust Administrator. Such arrangements include the provision of custodial, investment advisory and brokerage services to the GUC Trust. The fees and commissions charged by Wilmington Trust Company and its affiliates pursuant to these arrangements are consistent with the standard fees and commissions charged by Wilmington Trust Company to unrelated third-parties in negotiated transactions. During the three and nine months ended December 31, 2014, the total amount of such fees and commissions was approximately \$5,000 and \$17,000, respectively. During the three and nine months ended December 31, 2013, the total amount of such fees and commissions was approximately \$12,000 and \$49,000, respectively.